

Bayou Teche Community Health Network**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS' REPORT**

and

**INDEPENDENT AUDITORS' REPORTS ON INTERNAL ACCOUNTING CONTROL
AND COMPLIANCE AND OTHER MATTERS**

For the Year Ended August 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/3/10

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FINANCIAL INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bayou Teche Community Health Network
Franklin, Louisiana

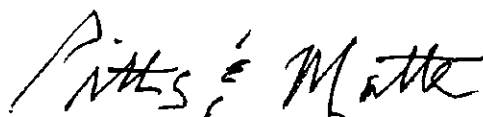
We have audited the accompanying statement of financial position of Bayou Teche Community Health Network (a nonprofit organization) as of August 31, 2009, and the related statements of activity, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bayou Teche Community Health Network as of August 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2010, on our consideration of Bayou Teche Community Health Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Bayou Teche Community Health Network taken as a whole. The Schedule of Expenses is presented for additional analysis and is not a required part of the basic financial statements of the Bayou Teche Community Health Network. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

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CERTIFIED PUBLIC ACCOUNTANTS

February 23, 2010

BAYOU TECHE COMMUNITY HEALTH NETWORK

**STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2009**

ASSETS

Current assets	
Cash	\$ 52,761
Accounts receivable	69,706
Grant receivable	6,250
Prepaid expenses	<u>2,102</u>
Total current assets	130,819
Fixed assets - less accumulated depreciation	<u>282,174</u>
Total assets	<u>\$ 412,993</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 291
Note payable	<u>90,000</u>
Total liabilities	<u>90,291</u>
Net assets	
Unrestricted	40,528
Temporarily restricted for:	
Fixed assets with explicit restrictions on use	<u>282,174</u>
Total net assets	<u>322,702</u>
Total liabilities and net assets	<u>\$ 412,993</u>

BAYOU TECHE COMMUNITY HEALTH NETWORK

STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS FOR THE YEAR ENDED AUGUST 31, 2009

Changes in unrestricted net assets:

Revenues

Contractual services	\$ 112,417
Membership fees	9,329
Other	<u>1,597</u>
Total revenues	<u>123,343</u>

Support

Grants

Federal

HRSA Grant 83,784

AHRQ Grant 158,159

State

DHH-BRCRH Grant 81,250

Contribution of services & facilities 158,739

Total support 481,932

Net assets released from restrictions:

Depreciation 114,736

Total unrestricted revenue and support 720,011

Expenses

Healthcare counseling:

AHRQ program 316,898

HRSA program 83,784

DHH program 81,250

Electronic health records monitoring and compliance 110,612

Disaster Case Management 112,417

General and administrative 64,748

Total expenses 769,709

Decrease in unrestricted net assets (49,698)

Net assets released from restriction:

Depreciation of fixed assets (114,736)

Decrease in temporarily restricted net assets (114,736)

Decrease in net assets (164,434)

Net assets beginning of year 487,136

Net assets end of year \$ 322,702

BAYOU TECHE COMMUNITY HEALTH NETWORK

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AUGUST 31, 2009

Cash flows from operating activities:

Received from Federal grantors	\$ 308,846
Received from state grantors	81,250
Received for services	42,711
Membership fees	9,329
Received from other sources	1,597
Paid to employees	(290,620)
Paid to vendors	<u>(234,889)</u>
Net cash provided (used) by operating activities	<u>(81,776)</u>

Cash flows from financing activities:

Proceeds from loan	<u>90,000</u>
Net cash provided (used) by financing activities	<u>90,000</u>

Net increase in cash and cash equivalents	8,224
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Cash and cash equivalents at beginning of year	<u>44,537</u>
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Cash and cash equivalents at end of year	<u>\$ 52,761</u>
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Reconciliation of change in net assets to net cash provided by operating activities:

Change in net assets: \$ (164,434)

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Depreciation	\$ 114,736
Increase in grants receivable	(2,803)
Increase in prepaid expenses	(285)
Increase in accounts payable and accrued expenses	<u>61,010</u>
	<u>172,658</u>

Net cash provided (used) by operating activities \$ 8,224

NOTES:

The Organization received non cash contributions of building usage and services totaling \$158,739 during the year.

Bayou Teche Community Health Network

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows:

The Organization is a not-for-profit corporation designed to improve vital access to health care services for the uninsured and underinsured general population in and around St. Mary Parish.

The following is a summary of the programs and their primary functions applicable to the Organization during the year ended August 31, 2009:

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
General	Membership Fees	General operations.
AHRQ-Agency for Healthcare Research And Quality	U.S. Dept. Of Health and Human Services - Agency for Healthcare Research and Quality	To create a detailed assessment of the feasibility of Health Information Technology implementation between medical and social service providers through the sharing of data by connecting existing information systems.
HRSA-Health Resource and Service Administration	U.S. Dept. of Health and Human Services-Health Resources and Services Administration	To continue development and expansion of the health and social service consortium's programs and services identified and established through the Community Empowerment Initiative.
Disaster Case Management	Contract with Catholic Charities, USA	To provide disaster case management operations in efforts to reduce poverty, support families, and empower communities.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Program</u>	<u>Funding Source</u>	<u>Functions</u>
State Grant	State of Louisiana Dept. Of Health and Hospitals-Bureau of Primary Care and Rural Health	To support the restoration and development of com- prehensive and integrated primary preventive and behavioral health care services with an emphasis on restoring these safety net services for the uninsured and under- insured.
Electronic health records monitoring and compliance	Depreciation on equipment acquired by grants or donations received in prior periods	To provide electronic medical records, moni- toring, and compliance to affiliated health care providers.

Basis of Accounting

The *accrual basis of accounting* is generally used by the Organization.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Support and Revenues

A significant portion of the Organization's support and revenue is in the form of grants and contributions from governmental agencies and other groups. These grants and contributions are generally reported as temporarily restricted, if they are received with grantor or donor stipulations. When the stipulations of the grantor or donor are met, then these assets are reclassified as unrestricted and reported in the statement of activity and changes in net assets as net assets released from restrictions. However grants and contributions that meet the grantor or donor restrictions within the same year received are reported as unrestricted net assets.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization also receives membership fees of sixty dollars per year per participant which is recognized as revenue when received.

The Organization earns revenues for providing contractual services. These revenues are recognized when the service is performed.

Expenses

Assets or expenses and their related liabilities are recorded when the related goods or services are received by the Organization. Costs incurred in connection with general and administrative costs are charged to expenses as incurred.

Utilization of Contributed Services and Facilities

In general contributed services and use of facilities that meet the proper criteria are recorded as items of support or revenue with a like amount recorded as expense upon receipt at fair value.

Fixed Assets

Purchased furniture, fixtures, and other equipment are valued at their actual cost or estimated cost. Contributed items are valued at their fair value at the date of the contribution. Fixed assets are depreciated over their estimated useful lives on the straight-line basis. Fixed assets purchased with federal dollars may need to be returned to the grantor, sold or retained by the organization in accordance with the respective grant agreements upon program completion.

Compensated Absences

Compensation is paid to employees absent from work due to illness or vacation. An accrual is not made because the amount is not significant.

Net assets

In accordance with the Statement of Financial Accounting Standards #117, the Organization must report net assets in each of the following three classes:

- a. permanently restricted - net assets in this category are restricted by donor or grantor imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.
- b. temporarily restricted - net assets in this category are restricted by donor or grantor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

- c. unrestricted - net assets in this category are not restricted by donor or grantor imposed restrictions.

The Organization has unrestricted and temporarily restricted net assets.

The temporary restrictions result from purchased or donated equipment which is restricted to use in a particular program.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Organization considers all cash in non-interest bearing checking accounts and cash on hand to be cash and cash equivalent accounts.

Receivables

The Organization has found any uncollectibles to be insignificant, therefore, it uses the direct charge off method for writing off uncollectible accounts.

Income Tax Status

The Organization operates as a not-for-profit organization. It is accorded tax exempt status under Section 501 (c) (3) of the Internal Revenue Code.

NOTE 2 - UTILIZATION OF CONTRIBUTIONS

The following contributions were received and simultaneously recognized by the Organization during the year ended August 31, 2009 as unrestricted support and expenses:

Rental space	\$ 35,000
Contributed services	105,993
Contributed medical equipment	17,202
Other contributions	<u>544</u>
Total	<u>\$158,739</u>

NOTE 3 - FIXED ASSETS

The following is a summary of fixed assets by major category with their related estimated useful lives:

<u>Category</u>	<u>Cost</u>	<u>Estimated Useful Life</u>
Equipment	\$657,174	5 years
Less: accumulated depreciation	<u>375,000</u>	
	<u>\$282,174</u>	

Depreciation for the year ended August 31, 2009 totaled approximately \$115,000.

Certain grant requirements restrict the use of certain fixed assets. Substantially all fixed assets acquired with donated funds would revert back to the grantor if those fixed assets would cease to be used in that program.

NOTE 4 - RELATED PARTIES

The Organization is sponsored by ten local sponsoring health and service providers, some of which make donations of assets, services, or other contributions. Listed below are the six agencies and the donations they made to the Organization during the year:

Teche Action Board	\$7,215
LSU Health Sciences Center	7,817
Franklin Foundation Hospital	9,221
Leonard J. Chabert Medical Center	5,079
Chitimacha Community Health Clinic	2,000
Office of Public Health Region III	3,205

NOTE 5 - NOTES PAYABLE

The Organization has a line of credit with Regions Bank in the amount of \$200,000 which bears interest at 5.50 percent annually. At year end, the Organization had \$90,000 in outstanding indebtedness against this line of credit. This amount is payable on June 25, 2010.

NOTE 6 - CONCENTRATIONS AND CONTINGENCIES

Approximately thirty-nine percent of the Organization's funding is obtained from federal grants.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable program. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

All of the Organization's receivables at year end are from a major nationwide charitable organization and were fully collected shortly after year end. It is not the Organization's policy to require collateral to secure its receivables.

NOTE 7 - RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Organization carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements of claims have not exceeded coverage in the past three years.

NOTE 8 - SUBSEQUENT EVENTS

The Organization's management has evaluated whether any events or transactions occurred subsequent to August 31, 2009 through February 23, 2010, the date of issuance of the Organization's financial statements, and determined that there were no material events or transactions that would require recognition or disclosure in the Organization's financial statements.

SUPPLEMENTARY INFORMATION

BAYOU TECHE COMMUNITY HEALTH NETWORK

Schedule of Expenses For the Year Ended August 31, 2009

Expenses		
AHRQ program		
Salaries	\$ 56,030	
Fringe benefits	5,183	
Travel	5,603	
Supplies	5,520	
Equipment	56,676	
Consulting/contractual	29,088	
Other	59	
	<u>158,159</u>	
Matching Contributions:		
Contributed rent	35,000	
Contributed personnel	105,993	
Other contributed services	17,746	
	<u>158,739</u>	
Total AHRQ program		\$ 316,898
HRSA program		
Salaries	67,018	
Fringe benefits	5,197	
Travel	4,397	
Supplies	1,746	
Consulting/contractual	4,600	
Miscellaneous	826	
Total HRSA program		83,784
DHH program		
Salaries	47,429	
Fringe benefits	4,695	
Travel	8,076	
Supplies	2,851	
Program awareness	6,973	
Utilities	2,560	
Other	8,666	
Total DHH program		81,250
Electronic health records monitoring and compliance		
Depreciation of equipment	110,612	
Total Electronic health records monitoring and compliance		110,612
Disaster Case Management		
Salaries	95,352	
Fringe benefits	9,388	
Travel	2,435	
Supplies	1,430	
Utilities	3,571	
Other	241	
Total Disaster Case Management		112,417
General/Administrative		
Salaries	24,791	
Fringe benefits	9,364	
Travel	6,552	
Consulting/contractual	9,705	
Insurance	5,658	
Office	3,054	
Depreciation	4,124	
Miscellaneous	1,500	
Total general/administrative		64,748
Total expenses		<u>\$ 769,709</u>

INTERNAL ACCOUNTING CONTROL, COMPLIANCE
AND OTHER MATTERS



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
Bayou Teche Community Health Network
Franklin, Louisiana

We have audited the financial statements of Bayou Teche Health Network (a nonprofit organization), as of and for the year ended August 31, 2009, and have issued our report thereon dated February 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

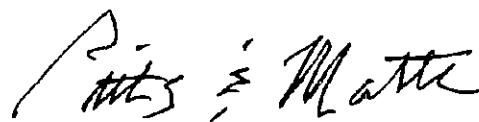
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bayou Teche Health Network's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However under Louisiana Revised Statute 24:513, this report is a matter of public record and may be distributed by the Legislative Auditor.

A handwritten signature in black ink, appearing to read "P. J. Matter". The signature is stylized with a large initial "P" and a cursive "J".

CERTIFIED PUBLIC ACCOUNTANTS

February 23, 2010

BAYOU TECHE COMMUNITY HEALTH NETWORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Bayou Teche Community Health Network.
2. Report on Internal Control Over Financial Reporting and Compliance and Other Matters

Internal Control Over Financial Reporting

No material weaknesses are reported.

Compliance and Other Matters

No findings are reported.

3. Federal Awards

This section is not applicable for the year ended August 31, 2009.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

This section is not applicable for the year ended August 31, 2009.

D. SUMMARY OF PRIOR YEAR FINDINGS

There were no findings in the prior year.